SHBP PDC RESOLUTION # 2026-5

RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE TO URGE THE STATE HEALTH BENEFITS COMMISSION AND DIVISION OF PENSIONS AND BENEFITS TO SUPPORT TRANSPARENCY, ON-TIME CONTRACTING, AND COMPETITIVENESS FOR MEDICAL SERVICES

WHEREAS, pursuant to N.J.S.A. 52:14-17.25 to -17.46a, the State Health Benefits Program (SHBP) provides health coverage to qualified employees and retirees of the State of New Jersey (State) and participating local employers; and

WHEREAS, the SHBP was created in 1961 to provide affordable health care coverage for public employees on a cost-effective basis; and

WHEREAS, SHBP plans, with the exception of Medicare Advantage plans, are self-funded, which means the money paid out for benefits comes directly from a SHBP fund supplied by the State, participating local employers, and member premiums; and

WHEREAS, the State Health Benefits Commission (SHBC) contracts with third party administrators to provide networks and administer the medical claims for the SHBP's plans; and

WHEREAS, the current third-party administrators for medical services are Horizon and Aetna; and

WHEREAS, since 2022 the premium costs for medical claims and services have increased over 60% for the state group and over 100% for the local government group, creating an affordability crisis for the budgets of public employers, public employees, and taxpayers; and

WHEREAS, these significant increases have forced an exodus of over 20% of local government participants from the SHBP; and

WHEREAS, the Plan Design Committee recognizes action by the State Health Benefits Commission and Division of Pensions and Benefits may be necessary to implement certain reforms to how plans are managed, which will have a corollary effect on plan design decisions before the PDC; and

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

The SHBP Plan Design Committee hereby urges the State Health Benefits Commission and Division of Pensions and Benefits to undertake all reasonable and necessary actions to implement the following reforms and changes to the State Health Benefits Plan for both State and Local Government groups as soon as feasibly possible:

1. The State and SHBP governance bodies must ensure claims and cost data to be collected and analyzed from each medical TPA separately and confidentially, to compare pricing, costs to the plan and to members, and overall administration of the SHBP plan designs which the TPAs administer. This effort should begin as soon as possible to derive necessary information for the Commission, DPB, and PDC to make informed decisions to control costs and deliver high-quality benefits. Such understanding of cost differences between the TPAs should inform evaluation, recommendation and decisions on future premium rate adjustments respective to each TPA separately.

2. The State and SHBP governance bodies must undertake all reasonable and necessary steps to initiate the contract renewal process for Medical TPA services as soon as feasible.

3. Prior to initiating the contract renewal process for medical TPA services, the State should support legislative and regulatory reforms, where necessary, to require increased transparency of reimbursement rates and pricing information from medical TPAs, including creation of a confidential dashboard for payers to understand pricing differences and reimbursement rates across carriers providing administrative services for the SHBP. Support legislative reforms, where necessary, to create competition and increased choice of medical carriers for participating employers and members.

4. This Resolution shall apply to all SHBP Plans offered to state employees and to local governments.

5. The Plan Design Committee refers this Resolution to the State Health Benefits Commission and urges it to approve and take all necessary steps to fully implement this Resolution to impact Plan Year 2027.

DATED: _____